

ATTACHMENT A

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PUBLIC COUNSEL DECOUPLING SURVEY MATERIALS

Introduction

Public Counsel provides this attachment in response to the request from the Bench at the conclusion of the evidentiary hearing. The attachment contains three sections, as described below.

Part I. This part contains two tables as they appeared on the American Gas Association web site on November 6, 2009. These tables provide a list of 16 states that have approved decoupling mechanisms, as well as a table showing states where mechanisms were pending. The tables have been copied into a Word document in order for the full content to appear on the page, and the Internet address is provided.

Part II. Public Counsel conducted its own search for Commission decisions regarding decoupling, primarily using Lexis and state Commission websites. The decisions we identified through this review are shown in Part II of the attachment. We found six state Commission decisions rejecting decoupling, either for specific utility proposals or industry-wide. Those decisions are briefly summarized. In addition, we found that many of the decoupling mechanisms that were approved were done on only a pilot-basis, for a limited time, with requirements for review and analysis, typically in a general rate case. Additional cases we identified approving decoupling are also shown in this section.

Part III. This section of the attachment consists of a citation to the survey entitled "Natural Gas Utility Energy Efficiency Portfolios Report: 2007 Program Year"

prepared by the American Gas Association in December, 2008, regarding natural gas utility energy efficiency programs.

The survey is publicly available at: <http://www.aga.org/NR/rdonlyres/122417D7-E42E-49B4-8EE8-9AB26E421B4F/0/1208EEREPORT.pdf> Copyright limitations stated in the document prevented incorporation of the survey itself in this attachment. A map appears on page 24 of this report, showing those states where natural gas decoupling mechanisms have been approved, as well as those states with utility natural gas energy efficiency portfolios. The map and the contents of the report demonstrate that utility energy efficiency programs are found in most states in the country and that the large majority have implemented such programs without adopting decoupling.

Part I: American Gas Association website excerpt

URL:

<http://www.aga.org/legislative/ratesregulatoryissues/ratesregpolicy/issues/decoupling>

1. Approved

State	Utility	Case Number
Arkansas	Center Point Energy Arkansas Western Gas Arkansas Oklahoma Gas	<u>Docket No. 06-161-U</u> <u>Docket No. 06-124-U</u> <u>Docket No. 07-026-U</u>
California	Pacific Gas and Electric San Diego Gas and Electric Southern California Gas Southwest Gas	<u>Application No. 02-02-012</u> <u>Application No. 02-02-012</u> <u>Application No. 02-02-012</u> <u>Application No. 02-02-012</u>
Colorado	Public Service Company of Colorado	<u>Docket No. 06-656-G</u>
Illinois	Peoples Gas Light and Coke Company North Shore Gas Company	<u>Docket No. 07-0242</u> <u>Docket No. 07-0241</u>
Indiana	Vectren Indiana Vectren Southern Indiana G&E Citizens Gas & Coke Utility	<u>IURC Cause No. 42943</u> <u>IURC Cause No. 42943</u> <u>IURC Cause No. 42767</u>
Maryland	Baltimore Gas and Electric Washington Gas	<u>Case No. 8780</u> <u>Case No. 8990</u>
New Jersey	New Jersey Natural Gas South Jersey Gas	<u>Docket No. GR05121020</u> <u>Docket No. GR05121020</u>
New York	Central Hudson Gas and Electric Consolidated Edison of New York National Fuel Gas Distribution	<u>Case No. 08-G-0888</u> <u>Case No. 06-G-1332</u> <u>Case No. 07-G-0141</u>
North Carolina	Piedmont Natural Gas Public Service Co. of North Carolina	<u>Dockets G-9, Sub. 499,</u> <u>G-9, Sub 461, G-44, Sub 15</u> <u>Docket G-5, Sub 495</u>
Ohio	Vectren Ohio	<u>Case No. 05-1444-GA-UNC</u>

Oregon	Cascade Natural Gas NW Natural Gas	<u>Docket UG-167</u> <u>Docket UG-143</u>
Utah	Questar Gas Co.	<u>Docket No. 05-057-T01</u>
Virginia	Virginia Natural Gas	<u>PUE-2008 00060</u>
Washington	Avista Corp. Cascade Natural Gas	<u>Docket No. UG-060518</u> <u>Docket No. UG-060256</u>
Wyoming	Wyoming Questar Gas Co.	<u>Docket No. 30010-94-6R-08</u>
Wisconsin	Integrus-Wisconsin Public Service Co.	<u>Docket No. 6690-UR-119</u>

2. Pending

State	Utility	Case Number
Massachusetts	New England Gas	<u>Docket No. D.P.U. 08-35</u>
	Bay State Gas	<u>Docket No. D.P.U. 09-30</u>
Michigan	Consumers Energy	<u>Case No. U-15506</u>
	Michigan Gas Utilities	<u>Case No. U-15990</u>
Minnesota	Center Point Minnesota Gas	<u>Docket No. G-008/GR08-1075</u>
Nebraska	SourceGas Distribution	<u>Docket No. NG-0060</u>
Nevada	Southwest Gas	<u>Docket No. 09-4003</u>
New Jersey	Pivotal Utility Holdings	<u>Board of Public Utilities</u> <u>http://www.bpu.state.nj.us/</u>
New York	National Grid Niagara Mohawk	<u>Case No. 08-G-0609</u>
	Orange & Rockland Utilities	<u>Case No. 05-G-1494</u>
Virginia	Columbia Gas	<u>PUE-2009 00051</u>
Washington	NW Natural Gas	<u>Docket No. UG-080546</u>

PART II. Commission Decisions Regarding Decoupling

A. Commission Decisions Rejecting Decoupling

Arizona: DECOUPLING PROPOSALS REJECTED / UNDER CONSIDERATION

Summary of Position: Arizona rejected Southwest Gas' decoupling proposal in its last general rate case and has not approved of a decoupling proposal in any other case. The Commission expressed concern that proposals would act as a disincentive to conservation, and the proposals appeared to shift company risk to ratepayers by providing the company with a guaranteed way of collecting authorized revenue. However, noting potential customer benefits of the company's proposed full revenue decoupling, the Commission stated it will review the mechanisms specifically in a separate, more thorough proceeding which has not yet concluded.

In the Matter of the Application of Southwest Gas Corp. for the Establishment of Just and Reasonable Rates and Charges to Realize a Reasonable Rate of Return on the Fair Value of its Properties throughout Arizona, Docket No. G-01551A-07-0504, Decision No. 70665, 2008 Ariz. PUC LEXIS 237 (Dec. 24, 2008).

Connecticut: DECOUPLING REJECTED

Summary of Position: In Docket 05-09-09, the Department assessed the suitability of decoupling at the direction of the state legislature. At the time of the decision, one gas company had a weather normalization adjustment mechanism and two had conservation adjustment mechanisms that included a lost sales revenue adjustment. The Department's recommended no regulatory changes favoring decoupling, concluding mechanisms beyond the CAM would be "unacceptable" because: (1) the measures would not encourage ratepayer-initiated conservation, (2) ratepayer-initiated conservation saves the cost of company-administered conservation efforts, (3) a high fixed rate charge may greatly impact lower-usage customers and be perceived as unfair and unjustified, and (4) the measures would inequitably shift business risk from utilities to ratepayers. The Commission wrote it would continue the CAM mechanism while exploring modest increases to the fixed charges in later rate cases. Connecticut later amended its laws to require the Department to consider decoupling mechanisms for rate cases after June 2007. In 2009, the Connecticut Natural Gas Corporation presented three full decoupling mechanisms to the Department. It proposed to modify its existing conservation adjustment clause to incorporate a usage-orientated decoupling true-up mechanism. The Office of Consumer Counsel (OCC) argued decoupling should be rejected and accompanied with a lower revenue requirement if approved. The Attorney General (AG) argued the decoupling proposal shifted risk from the company to ratepayers and created a disincentive for customer conservation efforts. The Department agreed with OCC and AG, writing that full decoupling that compensated the company for any consumption reduction "clearly" shifted risk to customers: "The Company's decoupling proposal thrusts customers into the role of insurer without proffering compensation." The Department wrote it would meet Connecticut law through rate designs, including the Company's existing conservation adjustment mechanism.

DPUC Investigation into Decoupling Energy Distribution Company Earnings from Sales, Docket No. 05-09-09, 2006 Conn. PUC LEXIS 91 (Jan. 18, 2006); Application of Connecticut Natural Gas Corp. for a Rate Increase, Docket No. 08-12-06, 2009 Conn. PUC LEXIS 117 (Jun. 30, 2009).

Illinois: DECOUPLING PROPOSAL REJECTED

Summary of Position: The Illinois Commerce Commission rejected a proposed margin per-customer decoupling mechanism (Rider VBA) for the affiliated natural gas companies of Ameren Illinois Utilities (AIU). The mechanism was substantially similar to a pilot that the ICC had previously approved for the affiliated companies Peoples Gas and North Shore (see decision below). The Commission determined in part: “Allowing Peoples and North Shore to implement this controversial rider, before expanding it to a significant number of additional customers seems more prudent than expanding the rider now without the benefit of any significant experience with the rider.” (pp. 236-237) The Commission chose as an alternative to raise the customer charge for certain rate schedules.

Central Illinois Light Company d/b/a AmerenCILCO Proposed general increase in electric delivery rates, Central Illinois Public Service Company d/b/a AmerenCIPS Proposed general increase in electric delivery service rates, Illinois Power Company d/b/a AmerenIP Proposed general increase in electric delivery service rates, Central Illinois Light Company d/b/a AmerenCILCO Proposed increase in gas delivery service rates, Central Illinois Public Service Company d/b/a AmerenCIPS Proposed general increase in gas delivery service rates, Illinois Power Company d/b/a Ameren IP Proposed general increase in gas delivery service rates, Docket Nos. 07-0585, 07-0586, 07-0587, 07-0588, 07-0589, 07-0590 Consolidated, Order, (September 24, 2008).

Iowa: DECOUPLING NOT ADOPTED

Summary of Position: The Iowa Utilities Board opened an inquiry in February, 2006 to examine the effect of reduced natural gas usage resulting from increased energy efficiency and other factors over the next five years on the non-gas revenues of Iowa’s natural gas utilities. The Board noted that Iowa had joined with seven other states to form the Joint Natural Gas Price Reduction Initiative to reduce demand by five percent over the next five years. The Board’s inquiry investigated the potential effects of this inquiry and others factors, and would consider whether alternative regulatory mechanisms, including decoupling, are appropriate to address utility earnings. In its Order closing the investigation, the Board determined that the current regulatory framework was sufficient, observing in part:

Based upon the information reviewed by the Board in this docket, the tension between energy efficiency and Iowa natural gas utilities’ opportunity to earn their authorized rate of return does not appear to be a substantial problem in Iowa. Iowa utilities have been participating in energy efficiency plans since before 1990 without substantial adverse effects on earnings. In that year, Iowa established a statutory goal in *Iowa Code* § 473.3 to “more efficiently utilize energy resources ... to decrease the state’s dependence on energy resources from outside the state

by reducing the amount of energy used.” This goal was to be implemented through the development of programs that promote energy efficiency and energy conservation by all Iowans. 2006 Iowa PUC LEXIS 530, pp. 3-4 (Dec. 18, 2006)

The Board further reasoned that its automatic adjustment mechanism for natural gas utilities, which provides for cost recovery of energy efficiency program costs, “alleviates some of the disincentive for utilities to promote greater energy efficiency by customers.” (*Id.*, p. 6)

In Re: Inquiry into the Effect of Reduced Usage on Rate-Regulated Natural Gas Utilities, Docket No. NOI-06-1, 2006 Iowa PUC LEXIS 530 (Dec. 18, 2006).

Kansas: DECOUPLING NOT ADOPTED

Summary of Position: The Kansas Corporation Commission decided to not implement decoupling in November 2008 but stated it will still consider proposals on a case-by-case basis from gas companies concerned about revenue stability. The Commission noted decoupling lowered risk for a utility, which it would factor into a utility’s rate of return.

In the Matter of a General Investigation Regarding Cost Recovery and Incentives for Energy Efficiency Programs, Docket No. 08-GIMX-441-GIV, 2008 Kan. PUC LEXIS 1664 (Nov. 14, 2008).

New Mexico: DECOUPLING PROPOSAL REJECTED

Summary of Position: The New Mexico Public Regulation Commission rejected a decoupling proposal by Public Service Company of New Mexico, calling the proposal “overly broad and overreaching.” The Commission concluded the proposal was flawed because it compensated PNM for past conservation efforts and failed to take account of customer growth during the period of time that customer consumption declined. The Commission clarified it would consider a narrow decoupling proposal that focused on the disincentives of utilities investing in energy efficiency programs under the Efficient Use of Energy Act and “not...aimed at making the utility whole for all load losses.”

In the Matter of the Petition by Public Service Co. of New Mexico for Revision of its Rates, Rules, and Charges Pursuant to Advice Notice Nos. 755 and 756, Docket No. 06-00210-UT (Jun. 29, 2007).

B. Commission Approvals of Pilot Decoupling Mechanisms

Colorado: PARTIAL DECOUPLING PILOT APPROVED

Summary of Position: The Colorado Public Utilities Commission determined Public Service of Colorado could implement a partial decoupling mechanism in a three-year pilot from October, 2008 through September, 2011. The Commission's Staff had not adopted a position on the issue, while the Office of Consumer Counsel (OCC) opposed the change. The OCC argued: (1) PSC did not provide data necessitating such a dramatic regulatory change; (2) PSC had remained financially successful despite declining customer usage; (3) PSC's claim of a "national trend towards decoupling" was overstated; (4) the proposal shifted too much risk to customers, who would not benefit in the form of a lowered ROE. The Commission only accepted the proposed decoupling mechanism in part. The Commission rejected "the proposal to the extent [it] allows [PSC] to recover all of the revenue associated with the partial decoupling proposal" and adopted a modified mechanism to divide risk between customers and PSC.

Re: The Investigation and Suspension of Tariff Sheets Filed by Public Service Company of Colorado for Advice Letter No. 690-GAS, Docket No. 06-656G, Decision No. C07-0568, 2007 Colo. PUC LEXIS 535 (Jun. 18, 2007).

Illinois: DECOUPLING PILOT APPROVED (APPEALED)

Summary of Position: The Illinois Commerce Commission approved a four-year decoupling pilot (Rider VBA) for two affiliated gas companies, Peoples Gas and North Shore Gas Company, in February 2008. Appeals were filed later in 2008. The Commission approved the decoupling rider with several conditions: "Furthermore, given the unique nature of Rider VBA, the Commission deems it appropriate to implement VBA as a four year pilot program. The Commission further accepts the Utilities' suggestion that a general rate case needs to be filed if Rider VBA is to become effective upon conclusion of the pilot program. The Commission is mindful of the concerns expressed by Staff, the AG, and City-CUB. Given that this decoupling mechanism presents a case of first impression for the Commission, we will be ever vigilant in our oversight of the deployment and impact of this new Rider." The Commission further directed its Staff to provide annual reports to the Commission regarding the impact of the Rider, including on the effect of the rate of return.

The Illinois Attorney General's Office has appealed this decision.

North Shore Gas Company Proposed Increase in Natural Gas Rates and Peoples Gas Light and Coke Company Proposed General Increase in Natural Gas Rates, Docket No. 07-0241 and 07-0242 Consolidated, p. 152 (February 5, 2008).

New Jersey: DECOUPLING PILOT APPROVED THROUGH SETTLEMENT

Summary of Position: The New Jersey Board of Public Utilities approved a stipulation implementing a partial decoupling program on a three-year pilot basis in 2006.

In the Matter of the Petition of South Jersey Gas Co. for Authority to Implement a Conservation and Usage Adjustment in the Matter of the Petition of New Jersey Natural Gas Co. for the Implementation of a Conservation and Usage Adjustment, Docket No. GR05121019, 2006 N.J. PUC LEXIS 99 (Dec. 12, 2006).

Oregon: DECOUPLING PILOTS APPROVED

Summary of Position: The Oregon Public Utility Commission has approved a settlement stipulation implementing a weather-normalized usage per customer decoupling mechanism, as well as a separate weather variance deferral mechanism, for Cascade Natural Gas. The mechanisms became effective May 1, 2006 and will be in place until September 30, 2010. The settlement also included provisions addressing funding for DSM and low-income assistance, and established a Service Quality Mechanism for a ten year period. The settlement also adjusted an Earnings Sharing Mechanism, reducing the earnings threshold from ROE plus 300 basis points to ROE plus 175 basis points.

The Oregon PUC approved a decoupling pilot for Northwest Natural Gas in August, 2005 (Order No. 05-934). The Commission subsequently approved a settlement stipulation extending the decoupling pilot (Distribution Margin Normalization, or DMN) through October 31, 2012 and also extending the company's Weather-Adjusted Rate Mechanism (WARM) until October 31, 2012. The settlement also provided the Company would not file a general rate case prior to September 1, 2011 except under certain conditions.

In the Matter of Cascade Natural Gas Corporation Request for Authorization to Establish a Decoupling Mechanism and Approval of Tariff Sheets No. 30 and No. 30-A, Docket No. UG 167, Final Order, Order No. 06-191 (April 19, 2006).

In the Matters of Northwest Natural Gas Company Application for a General Rate Revision (Advice No. 02-19) and Petition to Commence Investigation, Docket Nos. UG 152 and UG 163, Consolidated, Order No. 07-426 (September 26, 2007).

Utah: DECOUPLING PILOT APPROVED IN SETTLEMENT

Summary of Position: The Utah Public Service Commission approved a settlement with a three-year decoupling pilot in 2006. In 2007, the Commission reviewed the mechanism alone and decided to permit the continuation of decoupling for the final two years of the pilot. The Commission reviewed both sides' arguments and concluded it was reasonable to allow to pilot to continue to "as an opportunity to gain more experience and gather more information [to] evaluate the benefits and detriments." The Commission allowed the pilot to continue as written but asked the Company to submit more frequent reports.

In the Matter of the Approval of the Conservation Enabling Tariff Adjustment Option and Accounting Orders, Docket No. 05-057-T01, 2007 Utah PUC LEXIS 171 (Nov. 5, 2007).

Wyoming: DECOUPLING PILOT APPROVED

Summary of Position: In June 2009, the Wyoming Public Service Commission adopted a company's proposed decoupling mechanism (CET) on a pilot basis to gather data on its effect on ratepayers. After the pilot, the company will file a rate case enabling the Commission to fully evaluate the program.

In the Matter of the Application of Questar Gas Co. for Approval to Implement an Increase in the Non-Gas Rates and Charges for a General Rate Increase of \$482,980 and for Approval of a Conservation Enabling Tariff, Docket No. 30010-94-GR-08, Record No. 11846, 2009 Wyo. PUC LEXIS 290 (Jun. 17, 2009).

C. Commission Decisions Pending

Delaware: UNDER CONSIDERATION

Summary of Position: The Delaware Public Service Commission considered decoupling in-depth for gas and electric utilities together in 2008 and concluded that, while revenue decoupling through surcharges was not the "preferred" approach, surcharges may be approved in the future under appropriate conditions. Commission Staff had argued revenue decoupling surcharges sent inconsistent economic signals to customers and were "unacceptable" but supported their proposed modified fixed variable method ("MFVM"). Utilities argued the decoupling mechanisms benefited customers by reducing the volatility of rates, reducing the frequency of rate cases, and allowing the companies to pursue more aggressive DSM programs. The Commission ultimately did not resolve the debate, instead concluding that decoupling issues would be better assessed in the context of a specific rate case proceeding. In June 2009, Delmarva filed for approval of such an MFVM rate design for their natural gas services (Docket No. 09-277T), but the case is not yet complete.

In the Matter of the Investigation of the Public Service Comm'n into Revenue Decoupling Mechanisms for Potential Adoption and Implementation by Electric and Natural Gas Utilities, In the Matter of the Filing by Delmarva Power & Light Co. for a Blueprint for the Future Plan for Demand-Side Management, Advanced Metering, and Energy Efficiency, Regulation Docket No. 59, Docket No. 07-28, Order No. 7420, 2008 Del. PSC LEXIS 88 (Sept. 16, 2008); In the Matter of the Application of Delmarva Power & Light Co. for Approval of a Modified Fixed Variable Rate Design for Natural Gas Rates, PSC Docket No. 09-277T, Order No. 7619, 2009 Del. PSC LEXIS 99 (Aug. 4, 2009).

Massachusetts: DECOUPLING PLANS DEVELOPING

Summary of Position: The Massachusetts Department of Telecommunications and Energy directed utilities to start implementing decoupling plans in a 2007 order. Bay State Gas Company filed for approval of a decoupling mechanism in April 2009, but the Department has not yet reached a decision.

Investigation by the Dep't of Public Utilities on its own Motion into Rate Structures that will Promote Efficient Deployment of Demand Resources, Docket No. 07-50, 2007 Mass. PUC LEXIS 17 (Jun. 22, 2007), 2008 Mass. PUC LEXIS 32 (Aug. 22, 2008), 2009 Mass. PUC LEXIS 16 (Apr. 24, 2009).

Nevada: DECOUPLING PLANS DEVELOPING

Summary of Position: The Nevada Public Service Commission allows gas utilities to propose revenue-per-customer decoupling mechanisms in general rate cases for the year following energy efficiency programs in that utility. The Commission has not yet reviewed specific proposals.

Investigation and Rulemaking to Adopt, Amend, or Repeal Regulations Pertaining to Chapters 703 and 704 of the Nevada Admin. Code Regarding Establishing Methods and Programs for a Public Utility which Purchases Natural Gas for Resale that Remove Financial Disincentives which Discourage the Public Utility from Supporting Energy Conservation and Other Related Utility Matters in Accordance with Senate Bill 437, Docket No. 07-06046, 2008 Nev. PUC LEXIS 238 (Dec. 4, 2008).

D. Commission Approval of Decoupling Mechanisms

Arkansas: DECOUPLING APPROVED IN SETTLEMENT

Summary of Position: Arkansas Oklahoma Gas pushed for the adoption Conservation Normalization Adjustment (“CNA”) tariff while Staff recommended the rejection of the CNA tariff and the adoption of an alternative decoupling mechanism (Billing Determinant Adjustment tariff, or “BDA”). The parties settled, with the Arkansas Public Service Commission ultimately adopting the BDA tariff. Testimony stated that while the AG is “generally skeptical of decoupling mechanisms,” the company’s declining use patterns and the adoption of conservation and efficiency programs could justify a decoupling tariff *if*: (1) the return on equity was reduced, and (2) a check on over-earnings was adopted. The settlement lowered the company’s allowed return on equity by ten basis points, allowed surplus earnings from one rate class to be used to avoid surcharges to other classes with revenue shortfalls, and did not include an increase in monthly customer charges. The Commission also approved of Staff’s proposed BDA tariff—as modified with other parties’ input—in two earlier cases as well (06-014-U, 06-161-U).

In the Matter of the Application of Arkansas Oklahoma Gas Corp. for Approval of a General Change in Rates and Tariffs, Docket No. 07-026-U, Order No. 7, 2007 Ark. PUC LEXIS 438 (Nov. 20, 2007).

Indiana: DECOUPLING MECHANISM IN PLACE

Summary of Position: The Indiana Utility Regulatory Commission approved a decoupling program for Vectren in 2007.

Petition of Indiana Gas Co., Inc. and Southern Indiana Gas & Electric Co. d/b/a Vectren Energy Delivery of Indiana, Inc. for Approval of a Conservation Program and a Conservation Adjustment through Approval of New Tariff Riders and Associated Terms and Conditions of Service under Ind. Code § 8-1-2-42(a) & Petition for Approval of an Alternative Regulatory Plan, Cause Nos. 42943 and 43046, 2006 Ind. PUC LEXIS 376 (Dec. 1, 2006).

Maryland: DECOUPLING MECHANISM APPROVED

Summary of Position: A decoupling mechanism (RNA) was approved for Washington Gas Light Company in 2005.

In the Matter of the Investigation into Washington Gas Light Co.'s Regulation of Interruptible Service, Docket No. 8990 (Aug. 8, 2005).

New York: DECOUPLING PROGRAMS APPROVED

Summary of Position: The New York Public Service Commission adopted policies on revenue decoupling in April of 2007 to be implemented in upcoming rate cases. A decoupling mechanism was approved for Consolidated Edison in 2007, and mechanisms were being adopted for two other utilities this summer.

Proceeding on the Motion of the Comm'n to Investigate Potential Gas Delivery Rate Disincentives against the Promotion of Energy Efficiency, Renewable Technologies, and Distributed Generation, Docket No. 06-G-0746, 2007 N.Y. PUC LEXIS 125 (Apr. 20, 2007); Proceeding on Motion of the Comm'n as to the Rates, Charges, Rules and Regulations of Consolidated Edison Co. of New York, Inc. for Gas Service, Docket No. 06-G-1332, 2007 N.Y. PUC LEXIS 323 (Sept. 25, 2007); Docket No. 08-G-1137, 2009 N.Y. PUC LEXIS 176; Docket No. 08-G-0888, 2009 N.Y. PUC LEXIS 170.

North Carolina: DECOUPLING APPROVED IN SETTLEMENT

Summary of Position: The North Carolina Utilities Commission approved a settlement with revenue decoupling for Public Service Company of North Carolina in October 2008. The same month, Piedmont sought to extend its decoupling mechanism, arguing it aligned customer and company interests, facilitated conservation efforts, permitted more efficient recovery of fixed costs, sent appropriate price signals, and eliminated the need for weather normalization adjustment mechanisms. The Attorney General argued the mechanism benefited the utility by reducing shareholder risk and was not beneficial to consumers. A company witness testified the company would not have settled for a lower return on equity without the decoupling mechanism, leading the Commission to conclude customers did receive some benefit from the adoption of the mechanism. The Commission approved the mechanism.

In the Matter of Application of Public Service Co. of North Carolina, Inc. for a General Increase in its Rates and Charges, Docket No. G-5, 2008 N.C. PUC LEXIS 1729 (Oct. 24, 2008); In the Matter of Application of Piedmont Natural Gas Co., Inc. for a General Increase in its Rates and Charges, Docket No. G-9, 2008 N.C. PUC LEXIS 1730 (Oct. 24, 2008).

Wisconsin: SETTLEMENT WITH FULL REVENUE DECOUPLING APPROVED

Summary of Position: The Public Service Commission of Wisconsin approved a decoupling mechanism for the Wisconsin Public Service Corporation in December of 2008.

Application of Wisconsin Public Service Corp. for Authority to Adjust Electric and Natural Gas Rates, Docket No. 6690-UR-119, 2008 Wisc. PUC LEXIS 622 (Dec. 30, 2008).